

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L MANAGUA 4140

E.O. 11652: GDS

TAGS: PGOV, NU

SUBJECT: LABOR CONFLICTS AVOIDED

REF: MANAGUA 2917, 3917

SUMMARY: THE GON, SERIOUSLY CONCERNED ENTERING AUGUST BY THE POSSIBILITY OF LABOR CONFLICTS INVOLVING POLITICALLY POTENT SOCIAL CHRISTIAN AND COMMUNIST UNIONS, WILL APPARENTLY EMERGE UNSCATHED. TWO IMPORTANT CONTRACTS WITH THE CTN (SOCIAL CHRISTIAN) WERE NEGOTIATED SUCCESSFULLY, WHILE THE CGT-I (COMMUNIST) AFFILIATED CONSTRUCTION WORKERS' UNION, SCAAS, STILL SEEMS IMPOTENT IN THE FACE OF HIGH UNEMPLOYMENT CONDITIONS IN THE CONSTRUCTION INDUSTRY. END SUMMARY

1. ON SEPTEMBER 21 THE GON SIGNED A NEW CONTRACT WITH THE CTN SOCIAL SECURITY WORKERS' UNION REPRESENTING THE NATION'S HOSPITAL WORKERS. THE AGREEMENT, WHILE PROVIDING ONLY A 10 PERCENT INCREASE IN ALARIES, INCLUDED SEVERAL JUICY AND LONG SOUGHT-AFTER FRINGE BENEFITS. THE SUCCESSFUL TALKS AVOIDED A REPEAT OF THE NATION-WIDE HOSPITAL STRIKE OF MARCH-APRIL 1974. THE GOVERNMENT SUPPORTED CGT ATTEMPTED TO FORM A HEALTH WORKERS' UNION, RAISING THE POSSIBILITY THAT THE GON WOULD NEGOTIATE WITH IT RATHER THAN WITH THE CTN UNION. THIS WAS ALMOST CERTAINLY ONLY A TACTIC TO BRING ADDITIONAL PRESSURE ON THE CTN BECAUSE ANY SERIOUS ATTEMPT TO SUPPLANT THE CTN UNION WOULD HAVE CAUSED A NATIONAL

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STRIKE. THE LABOR MINISTRY IGNORED THE PETITIONS OF THE CGT

UNION AND NEGOTIATED THE SETTLEMENT WITH THE SOCIAL CHRISTIANS
DESPITE THE GON REFUSAL TO LEGALLY RECOGNIZE THE CTN CONFEDERATION.

2. ON OCTOBER 15 THE UNITED BRANDS SUBSIDIARY ACEITERA CORONA
SIGNED AN AGREEMENT WITH ITS SOCIAL CHRISTIAN AFFILIATED (CTN)
UNION, THUS AVERTING A POTENTIALLY VIOLENT CONFLICT INVOLVING
200 WORKERS. THE TERMS OF THE AGREEMENT WERE RATHER GENEROUS
PROVIDING FOR A SIXTEEN PERCENT INCREASE IN SALARY AND SUBSTANTIAL
FRINGE BENEFITS INCLUDING DISABILITY COMPENSATION, MEDICAL
INSURANCE, HOUSING LOANS, ETC. IN EXCHANGE, THE COMPANY
RECEIVED ASSURANCES FROM THE UNION AND THE MINISTRY OF LABOR
ON THE QUESTIONS OF DISCIPLINE AND SABOTAGE WHICH HAD PLAGUED LABOR
RELATIONS AT THE PLANT FOR OVER A YEAR. THE EMBASSY, CONCERNED
AT THE DEMOGOGIC NATIONALIST POTENTIAL OF A CONFLICT INVOLVING
UNITED BRANDS AT THIS POINT, USED ITS GOOD OFFICES PRIOR TO
THE BEGINNING OF FORMAL NEGOTIATIONS TO BRING THE US MANAGEMENT
AND SOCIAL CHRISTIAN LABOR ADVISOR ROBERTO FERREY TOGETHER
BEFORE THE TWO SIDES HARDENED THEIR POSITIONS AND PRECIPITATED
A STRIKE. THE GAMBIT PROVED HIGHLY SUCCESSFUL AS THE COMPANY
MADE SOME ECONOMIC CONCESSIONS IN EXCHANGE FOR LABOR PEACE.
LABOR MINISTER CARDOZE IS CURRENTLY BASKING IN THE GLORY OF HIS
APPEARING TO MEDIATE IN WHAT APPEARED, AT FIRST, TO BE AN
INTRACTABLE SITUATION.

4. THE COMMUNIST CONSTRUCTION UNION SCAAS IS STILL WITHOUT
A CONTRACT AND WITHOUT THE STRENGTH TO FORCE THE CHAMBER OF
CONSTRUCTION TO NEGOTIATE (SEE REF 2917). THE CONTRACT SCAAS HAD
EXPIRED JULY 21. THE UNION, WEAKENED BY THE FAILURE OF ITS STRIKE
IN MAY OF THIS YEAR, HAS THREATENED, BUT TAKEN NO ACTION IN THE
FACE OF A REFUSAL BY THE MANAGUA CHAMBER OF CONSTRUCTION TO
NEGOTIATE. CONSTRUCTION ACTIVITY IS EXPECTED TO INCREASE BY
JANUARY, AT WHICH TIME SCAAS WILL PROBABLY REASSERT ITSELF.
IN THE PRESENT SITUATION THE UNION IS VULNERABLE TO RAIDING,
AND THERE HAS BEEN AN INCREASE IN ACTIVITY AMONG CONSTRUCTION
WORKERS BY RIVAL COMMUNIST UNION CAUS, (PROBABLY WITH THE EN-
COURAGEMENT OF THE LABOR MINISTRY) SO FAR WITH NO SUCCESS.

5. COMMENT: FOR THOSE UNAWARE OF THE GON'S IRRATIONAL SUSPICION
TWO MONTHS AGO ABOUT A WIDER CONSPIRACY INVOLVING THE POSSIBILITY
OF CONFLICT WITH THE CGT-I AND CTN, BOTH AFFILIATED WITH THE
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OPPOSITION FRONT UDEL AND THEREBY LINKED IN THE SOMOZA MIND WITH
HIS TRADITIONAL OBSESSION, PEDRO JOAQUIN CHAMORRO. LABOR MINISTER
JULIO CARDOZE'S APPARENT SOFT-LINE TOWARD THE UNIONS SEEMED
SUSPECT. CARDOZE HAD BEEN A SOCIAL CHRISTIAN UNTIL HIS DEFECTION
TO SOMOCISMO IN 1967 AND BOTH THE AIFLD-SUPPORTED CUS AND SOME
ELEMENTS IN THE GOVERNMENT'S OWN CGT-OFFICIALISTA SUGGESTED THAT
CARDOZE WAS SHOWING HIS TRUE COLORS BY FAVORING THE SOCIAL
CHRISTIANS. THE AMBITIOUS CARDOZE EXPLAINED TO POLOFF THAT HE WAS

DETERMINED TO REPLACE EVENTUALLY THE SOCIAL CHRISTIANS AS WELL
AS COMMUNISTS WITH "WHITE" UNIONS, BUT THAT THE TIME WAS NOT YET
RIGHT FOR SUCH A MOVE.
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